

Message Text

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PAGE 01 SEOUL 01495 230710Z
ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 XMB-02 EB-08 OES-07 NRC-05
ACDA-12 DOE-11 SOE-02 CEQ-01 OMB-01 TRSE-00 AID-05
PM-05 CIAE-00 INR-10 IO-13 L-03 NSAE-00 NSC-05
DODE-00 SS-15 SP-02 H-01 PA-01 USIA-06 /140 W
-----126540 230716Z /11

P R 230735Z FEB 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 9480
INFO AMEMBASSY LONDON
AMEMBASSY TOKYO

C O N F I D E N T I A L SEOUL 1495

PASS EXPORT-IMPORT BANK FOR HEIDRICH

E.O. 11652: GDS
TAGS: BEXP, EFIN, BENC, OECD, UK, US
SUBJECT: KORI NUCLEAR POWER STATIONS THREE AND FOUR

REF: SEOUL 1467

1. ECONCOUNS SAW EPB ASSISTANT MINISTER CHOI SUN-RAY ON FEB. 23 ON SUBJECT PROJECT. HE EXPLAINED THAT EMBASSY AND ROKG HAS A PROBLEM IN THAT THE BID EVALUATION HAD BEEN DONE IN SUCH A WAY THAT RUMORS AND MISINFORMATION WERE FLYING AROUND. MOREOVER, WE WERE CONCERNED THAT THE EXIMBANK ATTITUDE ON LENDING TO KOREA MIGHT BE ADVERSELY AFFECTED BY THE MANNER OF EVALUATION AND BY THE FAILURE OF KECO TO FOLLOW ITS OWN BID SOLICITATION SPECIFICATIONS.

2. CHOI STATED FOR THE FIRST TIME TO OUR KNOWLEDGE, THAT ECON MINISTER'S COUNCIL HAD APPROVED KECO SELECTION OF G.E.C. AND WESTINGHOUSE AS ONE AND TWO TO SUPPLY THE TURBINE-GENERATORS AT ITS MEETING ON FEB. 20. HE WAS UNCERTAIN IN HIS AFFIRMATION THAT THE BLUE HOUSE HAD BEEN INFORMED, BUT DID NOT RESPOND
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WHEN INFORMED THAT O WON CHUL HAD NOT KNOWN WHEN THE CHARGE HAD TALKED TO HIM ON FEB. 22. HE ALSO DID NOT RESPOND WHEN WE INDICATED THAT WE HAD HEARD THE BRITISH GOVERNMENT HAD OFFERED SOMETHING WHICH RUMOR LEFT UNSPECIFIED, BUT WHICH HAD RESULTED IN G.E.C.'S SELECTION.

3. CHOI WILL NOW TALK TO KECO AND WILL ASK THAT HE BE ALLOWED

TO REVIEW THE BID AWARDS WITH US. WE HAVE ACCEPTED THIS BECAUSE OF HIS CONTENTION THAT THE G.E.C. OFFER WAS SUBSTANTIALLY THE BEST, EVEN TAKING ACCOUNT OF LOCALIZATION. CHOI DEFENDED THE NEED FOR KECO TO EVALUATE THE BIDS IN SECRECY, BUT OBVIOUSLY ALSO UNDERSTANDS THAT THEY HAVE A PROBLEM WITH EXIM, WHICH, HOWEVER, HE WOULD VIEW AS PROCEDURAL, NOT SUBSTANTIVE.

4. WE BELIEVE THAT THERE IS STILL A CHANCE TO CHANGE THE AWARD TO AN AMERICAN SUPPLIER, DURING DISCUSSION OF THE EVALUATION IN THE COMING WEEKS. ANY CONTRACT WILL NEED TO BE APPROVED BY THE ECON MINISTER'S COUNCIL AND HAS YET TO BE NEGOTIATED, CLEARLY A TIME-CONSUMING PROCESS. CHOI DID NOT DISCUSS THE NUCLEAR AWARD AND ECONCOUNS DID NOT PURSUE IT, SINCE THE ARGUMENT IS BETWEEN TWO U.S. SUPPLIERS.

5. EMBASSY REP. FOLLOW UP AT KECO MANAGEMENT LEVEL REVEALED THAT (A) KECO PRESENTED DECISION TO EPB TWO DAYS AGO; (B) IT HAS NOT BEEN CONTACTED BY EPB SINCE THAT TIME; (C) KECO GROUP, INCLUDING KIM YONG UK, IS DEPARTING ON WEEKEND OF 25 FEB. TO EXPLAIN CHOICES AND DISCUSS FINANCING WITH U.S. EXIMBANK; AND (D) NSSS CHOICE IS WESTINGHOUSE FIRST AND COMBUSTION ENGINEERING SECOND.
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Message Attributes

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